

U00A
Maryland Department of the Environment

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$73,124	\$72,409	\$71,327	-\$1,797	\$71,988	\$661
Contractual Services	9,031	10,427	11,019	1,988	8,339	-2,680
Grants	10,709	11,710	12,979	2,270	11,726	-1,253
Contingent & Back of Bill Reductions	0	0	0	0	-776	-776
Adjusted Grand Total	\$92,864	\$94,546	\$95,325	\$2,461	\$91,277	-\$4,048
General Funds	44,934	40,799	38,786	-6,148	37,612	-1,174
Contingent & Back of Bill Reductions	0	0	0	0	-533	-533
Adjusted General Funds	\$44,934	\$40,799	\$38,786	-\$6,148	\$37,079	-\$1,707
Special Funds	22,805	26,724	25,823	3,018	25,731	-92
Contingent & Back of Bill Reductions	0	0	0	0	-119	-119
Adjusted Special Funds	\$22,805	\$26,724	\$25,823	\$3,018	\$25,612	-\$211
Federal Funds	20,790	22,784	26,096	5,306	24,359	-1,737
Contingent & Back of Bill Reductions	0	0	0	0	-123	-123
Adjusted Federal Funds	\$20,790	\$22,784	\$26,096	\$5,306	\$24,236	-\$1,860
Reimbursable Funds	4,335	4,239	4,620	285	4,350	-270
Adjusted Grand Total	\$92,864	\$94,546	\$95,325	\$2,461	\$91,277	-\$4,048
Annual % Change		1.8%	0.8%		-4.2%	

- The Maryland Department of the Environment (MDE) has participated in cost containment for the past two years: \$1.5 million in fiscal 2003 and \$2.5 million in fiscal 2004. The programs that have felt the brunt of these reductions include Total Maximum Daily Load studies, air and radiation management, information technology, and technical and regulatory services.
- MDE's fiscal 2005 general fund allowance is \$1,706,652, or 4.4% less than the fiscal 2004 working appropriation. The general fund allowance reflects two reductions that are contingent on legislation: \$183,072 in matching employee deferred compensation funds and \$350,000 in lead poisoning prevention funds. Other general fund decreases include \$100,000 in Annapolis field office rent payments, \$136,000 in bacterial contaminant monitoring funds, and \$200,000 for Total Maximum Daily Load contracts. These decreases are partially offset by a \$140,392 increase for the State Superfund Program. Furthermore, MDE re-assigned numerous general funded positions to special and federal fund sources in order to meet cost containment in fiscal 2005.

Note: Numbers may not sum to total due to rounding.

For further information contact: Amanda M. Mock

Phone: (410) 946-5530

U00A – Maryland Department of the Environment

- While MDE’s fiscal 2005 special fund allowance decreases slightly, the federal fund allowance is \$1.9 million, or 7.1% less than the fiscal 2004 working appropriation. This federal funding decrease is primarily due to the end of one-time U.S. Environmental Protection Agency grants for the abandoned mine land reclamation and national pollutant discharge elimination system programs.

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	1,028.0	975.0	951.0	-77.0	952.0	1.0
Contractual FTEs	32.3	23.1	43.1	10.8	43.0	-0.1
Total Personnel	1,060.3	998.1	994.1	-66.2	995.0	0.9

Vacancy Data: Regular Positions

Turnover Expectancy	52.31	5.50%
Positions Vacant as of 12/31/03	44.50	4.68%

- Cost containment and budget reduction actions resulted in the elimination of 77 regular positions between fiscal 2002 and 2004. Significant position reductions took place in water management (23 positions) and technical and regulatory services (24 positions).
- The fiscal 2005 allowance provides for four new positions, which are offset by the elimination of three positions. The positions abolished in the fiscal 2005 allowance are an auditor, engineer, and budget specialist. The four new positions – one assistant attorney general and three geologists – would augment the State Superfund Program’s enforcement efforts.
- MDE’s budgeted fiscal 2005 turnover rate of 5.6% is approximately 1% higher than the current fiscal 2004 vacancy rate. It will be necessary for MDE to carefully manage vacancies to ensure adequate funds are available for personnel expenses in fiscal 2005.

Analysis in Brief

Issues

Maryland's Brownfield Cleanup and Redevelopment Programs: The fiscal 2005 allowance provides funding for brownfield revitalization programs in several State departments, and the Administration is proposing legislation that would change brownfield-related fees and program implementation. **The Department of Legislative Services (DLS) recommends that MDE brief the committees on the budgetary and programmatic impacts of the Governor's proposed brownfield legislation; the potential benefits of consolidating the oil contamination program and the Voluntary Cleanup Program; the extent to which the additional fee and penalty revenue generated by the proposed brownfield legislation would offset the need for general funds; and the deletion of four new positions that fail to meet Spending Affordability Committee criteria for position growth.**

Reducing MDE's General Fund Reliance through Fees: Many of MDE's fees set in statute do not necessarily cover actual program implementation costs. This existence of outdated fees coupled with the strong competition for general funds suggests the need to consider new or increased fees within MDE. **MDE should be prepared to discuss pending fee proposals and brief the committee on whether these proposals will have a substantial impact on the department's ability to meet associated program funding requirements. MDE should also discuss the extent to which current fees cover program implementation costs. Budget bill language is recommended that requires MDE to submit a fee report by November 15, 2004.**

The Enterprise Environmental Management System (EEMS) Eases into Implementation: MDE currently operates over 177 separate permitting, compliance, and enforcement databases to support the needs of a specific regulation, business activity, or environmental media (e.g., air, water, waste). With budget committee oversight, acquisition of a new system has begun. **MDE should be prepared to discuss why the estimated \$450,000 in fiscal 2005 cost savings is not reflected in the budget allowance and the likely impact of making a \$450,000 reduction to MDE's fiscal 2005 allowance. Furthermore, budget bill language is recommended expressing the General Assembly's intent regarding EEMS implementation and requiring a status report.**

Fiscal 2003 Enforcement and Compliance Report: This issue summarizes MDE's seventh annual report on all enforcement and compliance programs in the Air, Technical and Regulatory Services, Waste, and Water Administrations, as well as the Environmental Crimes Unit of the Attorney General's Office. **DLS recommends that MDE brief the committees on the impact recent cost containment actions have had on its enforcement and compliance programs.**

U00A – Maryland Department of the Environment

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget bill language expressing the General Assembly's intent with regard to implementation of the Environmental Enterprise Management System and requiring a status report.		
2. Add language requiring a report on fees.		
3. Add budget bill language to delete general funds for the wetlands and waterways program contingent upon enactment of legislation.		
4. Delete new PINs for the State Superfund Program.	\$ 140,392	4.0
5. Delete funds for Baltimore City's lead poisoning prevention grant.	375,000	
Total Reductions	\$ 515,392	4.0

U00A
Maryland Department of the Environment

Operating Budget Analysis

Program Description

The Maryland Department of the Environment (MDE) was created in 1987 to protect and restore the quality of the State's land, air, and water resources and safeguard citizens from health risks associated with pollution. It is responsible for planning, monitoring, controlling, and regulating air, solid, and hazardous wastes; radiation, sewage sludge, sediment, and stormwater; toxicities, sewage treatment, and water supply facilities; and environmental disease control programs. The department is structured into seven major administrative units.

- ***Office of the Secretary:*** Provides direction and establishes State environmental policies to be implemented by the operating units.
- ***Administrative and Employee Services Administration:*** Provides general administrative and employee services to the department.
- ***Water Management Administration:*** Incorporates all aspects of the State's water pollution control program, including capital project management; implementation of Total Maximum Daily Loads for pollutants in impaired waterways; and industrial/municipal wastewater and storm water discharge regulatory functions.
- ***Technical and Regulatory Services Administration:*** Provides hazardous chemical and oil spill emergency response services; develops and promulgates water quality standards; technical support and analysis for Total Maximum Daily Loads; shellfish monitoring; environmental and public health risk assessments; ballast water regulation; and develops and issues fish advisories.
- ***Waste Management Administration:*** Ensures that all types of hazardous and nonhazardous solid wastes are managed in a manner that protects public health and the environment.
- ***Air and Radiation Management Administration:*** Ensures that air quality and radiation levels in Maryland sustain public health, safety, and the environment.
- ***Coordinating Offices:*** Manages budget matters, the Water Quality Revolving Loan Fund, and Board of Public Works' activities; coordinates public information and outreach; and provides legal advice.

U00A – Maryland Department of the Environment

MDE has identified seven goals that illustrate its core efforts to protect and preserve Maryland's natural resources. They are:

- promoting land redevelopment and community revitalization;
- ensuring safe and adequate drinking water;
- reducing Maryland citizens' exposure to hazards;
- ensuring the safety of fish and shellfish harvested in Maryland;
- improving and protecting Maryland's water quality;
- ensuring the air is safe to breathe; and
- providing excellent customer service to achieve environmental protection.

Performance Analysis: Managing for Results

MDE's Managing for Results (MFR) submission for fiscal 2005 reflects the breadth of duties for which the department is responsible and presents useful information about its efforts to protect and restore the quality of Maryland's air, water, and land resources. However, as noted in last year's analysis, this breadth of responsibility and measurements makes it difficult to quickly grasp the current status of, and progress toward, protection and restoration of Maryland's air, water, and land resources. A summary analysis for each of the seven goals at the beginning of MDE's MFR would be immeasurably helpful to policymakers.

It is often difficult to determine whether performance objectives are being met by looking at MDE's measurements. As shown in **Exhibit 1**, one of MDE's objectives is to attain the one-hour ozone standard in the Baltimore and Washington metropolitan areas and Cecil County. While the performance measures associated with this objective clearly provide useful information, they do not necessarily convey whether progress has been made towards this objective. **MDE should revisit its MFR plan to clarify the relationship between performance objectives and measurements.**

**Exhibit 1
Air Quality Performance Measures**

Objective: Achieve attainment with the one-hour ozone standard in the Baltimore and Washington metropolitan areas and Cecil County.

<u>Performance Measures:</u>	FY 2002	FY 2003	FY 2004	FY 2005
	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>
Input				
Tons per year emissions reported for criteria air pollutants for high impact air pollution sources.	525,705	525,494	525,000	520,000
Environmental Outcome				
Percentage of population living in areas not meeting air quality standards.	89%	89%	89%	89%
No. of exceedences of the one-hour ozone standard*	16	2	1	1
Efficiency				
No. of air pollution permits issued	774	950	750	750
No. of Vehicle Emissions Inspection Program:				
repair facility audits	1,294	1,075	1,200	1,200
inspection audits	3,340	3,521	3,100	3,100

*Calendar year data

Source: Fiscal 2005 budget book

Exhibit 2 provides data on a handful of performance measures that reflect several key program areas. The data provided indicates the following trends:

- an estimated decrease in the percentage of Marylanders being served by public water systems that comply with drinking water standards;
- modest anticipated increases in the percentage of fish that are safe to eat;
- no recent improvement in the percentage of the State's population living in areas that do not meet air quality standards;
- no significant change in the amount of materials recycled;
- 22.5% average annual decrease between fiscal 2001 and 2003 in the percent of children tested for blood lead and considered poisoned; and
- a reduction in point-source nitrogen loading into the Chesapeake Bay since 1985.

**Exhibit 2
Program Measurement Data
Maryland Department of the Environment
Fiscal 2001 – 2005**

	<u>Actual 2001</u>	<u>Actual 2002</u>	<u>Actual 2003</u>	<u>Est. 2004</u>	<u>Est. 2005</u>	<u>Ann. Chg. 01 – 03</u>	<u>Ann. Chg. 03 -05</u>
Percent of Marylanders served by public water systems in significant compliance with federal and State drinking water requirements.	99%	99%	99%	97%	97%	0.0%	-1.0%
Percent of sampled areas with fish tissue concentrations of PCBs and mercury that allow at least two meals per month to be safely eaten.							
PCBs:	n/a	18%	18%	20%	25%	n/a	17.9%
Mercury:	n/a	68%	68%	70%	70%	n/a	1.5%
Percent change in gallons of sewage overflow since 2001	n/a	62%	568%	57%	48%	n/a	-70.9%
Percent of Maryland population living in areas that do not meet air quality standards.	87%	89%	89%	89%	89%	1.1%	0.0%
Tons of Maryland Recycling Act materials recycled.	2,299,169	2,405,033	2,455,843	2,400,000	2,400,000	3.4%	-1.1%
Percent of children tested for blood lead and considered “poisoned” (20 micrograms per deciliter or more).	0.50%	0.40%	0.30%	0.27%	0.24%	-22.5%	-10.6%
Percent reduction in point-source nitrogen loading since 1985.*	48%	50%	50%	51%	51%	2.1%	1.0%

* Data is collected and reported by calendar year. The 1985 baseline for point-source nitrogen is 31.936 million pounds.

Source: Maryland Department of the Environment and the fiscal 2004 and 2005 budget books.

MDE should be prepared to discuss the impediments it faces to improving the State’s air quality as well as how the Administration’s proposed \$2.50 sewage surcharge would impact the point-source nitrogen loading performance measurement.

As illustrated in Exhibit 2, MDE’s Water Pollution Control Program performance measurements indicate that there was a significant increase in sewage overflows in fiscal 2003 – a 568% increase in gallons of sewage overflow since 2001. The fiscal 2004 and 2005 sewage overflow estimates are

U00A – Maryland Department of the Environment

significantly lower. **MDE should discuss the reasons for the significant increase in fiscal 2003 and describe MDE's efforts to address this problem. Furthermore, in light of the impact of Hurricane Isabel last fall, MDE should explain why the estimated fiscal 2004 measure decreases substantially.**

MDE's efforts to protect the environment and safeguard citizens from pollution overlap considerably with those of other State agencies, particularly the Department of Natural Resources (DNR) and to some extent, the Maryland Department of Agriculture (MDA). **DLS recommends that MDE work with DNR, MDA, and the Department of Budget and Management (DBM) to develop summary performance data that can be used to evaluate current and proposed progress in overlapping program areas.**

Fiscal 2004 Actions

Impact of Cost Containment

MDE was required to reduce general fund operational expenses by \$2,521,660 and nine regular positions for cost containment in fiscal 2004. This represents a 6.1% reduction in MDE's fiscal 2004 general fund legislative appropriation. To achieve this target, MDE implemented the following funding and position reductions in July 2003:

- \$917,660 in air quality, radiological health, State superfund, groundwater, wastewater, and water supply program funding was reduced and replaced with available special and federal funds;
- \$625,000 for contracts with vendors developing Total Maximum Daily Load standards for pollutants in waterways;
- \$251,000 for four positions in Technical and Regulatory Services;
- \$214,000 for four positions in the Administrative and Employee Services Administration;
- \$172,000 for an Assistant Attorney General and Smart Growth position (these positions were not abolished);
- \$160,000 for a whole effluent toxicity testing contract;
- \$112,000 for one administrative support position and the funding for one special projects position in the Water Management Administration; and
- \$70,000 for the Anacostia Watershed Restoration Commission and other boards and commissions.

U00A – Maryland Department of the Environment

Furthermore, to comply with statewide position cap requirements, MDE lost 15 regular and 2 contractual positions in November 2003. All of these positions were vacant.

Governor's Proposed Budget

Exhibit 3 indicates that the fiscal 2005 operating allowance for MDE totals \$91.3 million, which is a \$4.0 million, or 4.2% decrease below the fiscal 2004 working appropriation. This decrease reflects a \$1,706,652 decrease in general funds, \$211,008 decrease in special funds, and a \$1.9 million decrease in federal funds.

**Exhibit 3
Governor's Proposed Budget
Maryland Department of the Environment
(\$ in Thousands)**

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$40,799	\$38,786	\$37,612	-\$1,174	-3.0%
Contingent & Back of Bill Reductions	0	0	-533	-533	
Adjusted General Funds	\$40,799	\$38,786	\$37,079	-\$1,707	-4.4%
Special Funds	\$26,724	\$25,823	\$25,731	-\$92	-0.4%
Contingent & Back of Bill Reductions	0	0	-119	-119	
Adjusted Special Funds	\$26,724	\$25,823	\$25,612	-\$211	-0.8%
Federal Funds	\$22,784	\$26,096	\$24,359	-\$1,737	-6.7%
Contingent & Back of Bill Reductions	0	0	-124	-124	
Adjusted Federal Funds	\$22,784	\$26,096	\$24,235	-\$1,861	-7.1%
Reimbursable Funds	\$4,239	\$4,620	\$4,350	-\$270	-5.8%
Adjusted Grand Total	\$94,546	\$95,325	\$91,277	-\$4,048	-4.2%

Where It Goes:

Personnel Expenses

Three positions abolished.....	-\$194
Four new positions.....	140
Employee and retiree health insurance	209
Increments	859

U00A – Maryland Department of the Environment

Where It Goes:

Special and federal program funds directed to salary costs	-1,180
Turnover	139
Other fringe benefit adjustments	-82

Other Changes

Improving and protecting Maryland's water quality

Water quality project competitive grants	-973
Total Maximum Daily Load studies	-200
Non-tidal wetlands management, enhancement, and protection programs	-106
Bacterial contaminant monitoring	-136

Ensuring the air is safe to breathe

Air Pollution Control Program contractual services and equipment	-345
Maryland Department of Transportation Vehicle Emission Inspection Program	-255

Reducing Maryland citizens' exposure to hazards

Reduction contingent upon lead poisoning prevention fee legislation	-350
Completion of federal abandoned mine land reclamation programs	-1,560

Other

Annapolis field office rent	-100
Other	86

Total **-\$4,048**

Note: Numbers may not sum to total due to rounding.

The 4.4% decrease in general funds reflects two reductions that are contingent on legislation: \$193,072 in matching employee deferred compensation funds and \$350,000 in lead poisoning prevention funds. Other general fund decreases include \$100,000 in Annapolis field office rent payments, \$136,000 in bacterial contaminant monitoring funds, and \$200,000 for Total Maximum Daily Load contracts. These decreases are partially offset by a \$140,392 increase for four positions in the State Superfund Program – one assistant attorney general and three geologists – who would seek to augment State Superfund Program’s enforcement efforts. Overall, MDE re-assigned numerous general funded positions to special and federal fund sources in order to meet cost containment in fiscal 2005. Approximately \$900,000 in personnel costs switched from general funds to special and federal funds.

The 7.1% decrease in federal funds is due to the end of one-time U.S. Environmental Protection Agency (EPA) grants for abandoned mine land reclamation programs and water quality grants associated with the National Pollutant Discharge Elimination System program.

U00A – Maryland Department of the Environment

The 5.8% decrease in reimbursable funds is the result of reduced funds from the Maryland Department of Transportation for contractual services associated with the Vehicle Emissions Inspection Program. The fiscal 2004 appropriation was overstated, so this reduction will make fiscal 2005 consistent with the actual fiscal 2004 funding level.

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$425,518 (subobject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

In addition, a \$350,000 reduction in general funds is assumed contingent upon the passage of legislation increasing lead fees. MDE's lead rental registry program requires property owners of residential units built before 1950 to annually register each rental unit with MDE. Currently, owners pay a \$10 annual registration fee, and the proposed legislation would increase this amount to \$15. The legislation may also delete a requirement that at least \$750,000 of the revenue generated be dedicated to outreach and education, so additional funds are available for enforcement. MDE estimates that \$350,000 in additional annual revenue would be generated by increasing this fee.

Issues

1. Maryland’s Brownfield Cleanup and Redevelopment Programs

Background

A “brownfield” is a previously used commercial or industrial site whose future may be affected by contamination. Brownfields come in all shapes and locations – manufacturing plants, gas stations, strip malls, and agricultural operations in urban, suburban, and rural areas. These sites can be redeveloped into economic centers, recreational areas, housing, and open spaces. The Governor has identified brownfields as a priority, but creating a fair regulatory framework that encourages redevelopment and paying for brownfields cleanup and redevelopment is an increasingly difficult undertaking.

Exhibit 4 provides a summary description of the State’s core brownfield programs. The State’s programs are located primarily in MDE and the Department of Business and Economic Development (DBED) and vary from oversight and remediation of significant sites on the federal priority list to the provision of financial incentives to redevelop previously contaminated sites. DBED’s Brownfields Revitalization Incentive Program (BRIP) works in conjunction with MDE’s programs, and DBED also provides non-BRIP assistance through loans to local municipalities to purchase redevelopment sites and technical assistance to developers with locating credit tenants.

Exhibit 4 Maryland’s Brownfield Programs

<u>Program Responsibilities</u>	<u>Fiscal 2004 Working</u>		<u>Fiscal 2005 Allowance</u>	
	<u>\$ Millions</u>	<u>Positions</u>	<u>\$ Millions</u>	<u>Positions</u>
Maryland Department of the Environment				
Federal Facilities/National Priority List Superfund – Oversees the investigation and remediation of sites listed on the U.S. Environmental Protection Agency’s National Priorities List (NPL) and sites where the U.S. Department of Defense is a responsible party to contaminated sites.	\$0.1 SF \$2.8 FF	29	\$0.1 SF \$2.6 FF	29
State Superfund – Oversees cleanups of historically contaminated hazardous substances at sites that are not on the federal NPL.	\$0.2 GF	2	\$0.3 GF	6
Voluntary cleanup/Brownfields – Encourages the voluntary cleanup and redevelopment of contaminated properties through streamlined regulations.	\$0.5 GF \$0.3 SF	9	\$0.2 GF \$0.6 SF \$.7 FF	10
Hazardous Substance Cleanup Program (Capital) – Provides funds to cleanup uncontrolled orphan waste sites.	\$0.6 GO Bonds	0	\$1.5 GO Bonds	0
Total	\$4.4	40	\$5.9	45

U00A – Maryland Department of the Environment

<u>Program Responsibilities</u>	Fiscal 2004		Fiscal 2005	
	Working		Allowance	
	<u>\$ Millions</u>	<u>Positions</u>	<u>\$ Millions</u>	<u>Positions</u>
Department of Business and Economic Development				
Brownfields Revitalization Incentive Program – Provides financial incentives in the form of tax credits, grants, and loans for redevelopment of eligible brownfield properties.	*		*	
<ul style="list-style-type: none"> • Site Assessment Assistance – Assist with up to 70% of the cost of Phase I and II environmental assessments either with a grant or low-interest rate loan. • Redevelopment Assistance – Assist with up to 70% of the cost of re-mediating contamination or redeveloping the site for a commercial or industrial use. • Real Property Tax Credits – Tax credits may be provided if a BRIP property is located in a taxing jurisdiction that has elected to participate in the BRIP. Currently 9 counties and 5 municipalities participate. 				
* BRIP funds are administered through the special loans program within the Maryland Economic Development Assistance Fund (MEDAF). Within MEDAF no specific funds are earmarked for BRIP.				

Sources: Maryland Department of the Environment and Department of Business and Economic Development.

DBED and MDE programs dedicated to cleanup and revitalization have had a substantial impact. As of June 30, 2003, DBED’s Maryland Economic Development Assistance (MEDAF) portfolio consisted of 12 brownfield conditional grants valued at \$780,021 and two brownfield loans valued at \$2.3 million. MDE’s fiscal 2005 budget allowance includes nearly \$6.0 million in operating and capital funds for cleanup and revitalization efforts throughout the State. **Exhibit 5** provides program performance information indicating the following trends:

- 43% average annual increase in Voluntary Cleanup Program (VCP) acreage completed between fiscal 2001 and 2003;
- over 100% average annual increase in the number of jobs created as a result of MDE’s brownfield redevelopment efforts between fiscal 2001 and 2003; and
- a decline in DBED’s performance measurements since 2002 largely due to cost containment.

**Exhibit 5
Brownfield Program Performance Trends**

	<u>Actual 2001</u>	<u>Actual 2002</u>	<u>Est. 2003</u>	<u>Est. 2004</u>	<u>Est. 2005</u>	<u>Ann. Chg. 01 – 03</u>	<u>Ann. Chg. 03 - 05</u>
MDE							
Acres of property in the VCP completed	120	299	247	350	450	43.5%	35.0%
No. of properties completed	n/a	16	24	34	44	n/a	35.4%
No. of jobs created as a result of brownfield site	429	1,700	1,810	2,000	2,000	105.4%	5.1%
Capital investment in cleanup sites (\$ in Millions)	n/a	\$200	\$428	\$450	\$500	n/a	8.1%
DBED							
Acres impacted by BRIP	198.9	330	46.2	55.6	n/a	-51.8%	n/a
No. of properties assisted	9	13	7	4	n/a	-11.8%	n/a
Job capacity created	3,200	5,420	800	0	n/a	-50.0%	n/a
Capital investment in cleanup sites (\$ in Millions)	\$163	\$285	\$90.10	\$36.40	n/a	-25.7%	n/a
Assessment assistance provided (\$ in Thousands)	\$182	\$375	\$181	\$0	n/a	-0.3%	n/a
Remediation assistance provided (\$ in Thousands)	\$0	\$2,483	\$0	\$1,310	n/a	n/a	n/a

Source: Maryland Department of the Environment; the Department of Business and Economic Development.

The Governor’s Brownfield Initiative

The Administration has announced a series of legislative (HB 294/SB 186) changes for improving and strengthening the State’s brownfield efforts. Key components of this initiative are described below.

- **Increase Fees.** Make the \$6,000 application fee charged to a developer nonrefundable, establish a \$2,000 “premier” surcharge for developers who need their applications reviewed in five business days or less, and establish a \$2,000 fee for properties needing institutional controls. MDE advises that the new application fee may generate \$280,000 in new annual revenue.
- **Reduce the Application Process Burden.** Reduce brownfield application review time from 60 to 45 days, and cleanup plan approval time from 120 days to 75 days.
- **Ensure Compliance.** Allow the State to seek treble damages against property owners who refuse to follow through with clean up orders.
- **Revamp Program Coordination.** Coordinate VCP’s and oil cleanup program’s project management to improve customer service. Under current law if a party receives a grant or loan under BRIP for an environmental assessment and an application is not made and accepted by

U00A – Maryland Department of the Environment

MDE within 12 months, the grant must be paid back and the low-interest rate loan will convert to a market-interest rate loan.

- **Expand Eligibility.** Expand eligibility to local and municipal governments who take property title under eminent domain/condemnation. Currently, an inculpable party is defined as a party who has never owned the land. If a jurisdiction takes title to a property with intent to redevelop it, under the current law it is interpreted as a responsibility party. Proposed legislation would clarify that the local or municipal government is not a responsible party and is entitled to inculpable party status.

Joint Recommendations

DLS recommends that DBED and MDE brief the committees on the budgetary and programmatic impacts of the Governor’s proposed brownfield legislation and the potential benefits of coordinating the oil contamination program and VCP.

MDE Recommendations

DLS recommends that MDE brief the committees on the extent to which the additional fee and penalty revenue generated by the proposed brownfield legislation would offset the need for general funds. It is further recommended that four new State Superfund Program positions in the fiscal 2005 allowance be deleted since they are not consistent with the recommendation of the Spending Affordability Committee for new position growth.

DBED Recommendations

DLS recommends that DBED brief the committees on the benefits of clarifying the statute to more clearly define who is an “inculpable person” vs. who is considered a “responsible person” and why only 9 of 24 Maryland counties are willing to participate in the program. DLS also recommends that DBM and DBED jointly establish a subprogram for BRIP funding within the MEDAF program, in order to improve legislative oversight.

2. Reducing MDE’s General Fund Reliance through Fees

Background

Approximately 28% of MDE’s fiscal 2005 allowance is comprised of special funds. MDE relies on these special funds to support many core programs, such as oil disaster cleanup, used tire cleanup, and air pollution prevention. Much of this special fund revenue is generated through fees paid by the communities MDE regulates. In recent years, MDE has sought to establish new fees and increase existing fees in order to cover the rising costs of program implementation. However, few of these fee proposals have passed. Consequently, many specific fee levels set in statute do not necessarily cover

U00A – Maryland Department of the Environment

actual program implementation costs. This existence of outdated fees coupled with the strong competition for general funds suggests the need to consider new or increased fees within MDE.

As illustrated in **Exhibit 6**, several MDE units have a strong reliance on general funds, while other programs are able to rely on special and federal funds for a significant portion of their program revenue. This data illustrates the following trends:

- a strong dependence on general funds in Water Pollution Control, Administrative and Employee Services, Technical and Regulatory Services, and Coordinating Offices; and
- less than 10% reliance on general funds in Air and Radiation Management, and Hazardous and Oil Control.

Exhibit 6 MDE Units – Fiscal 2005 Allowance (\$ in Millions)

<u>Unit</u>	<u>General Funds</u>		<u>Special Funds</u>		<u>Federal Funds</u>		<u>Total*</u>
Administrative Employee Services	\$5.9	82%	\$0.6	8%	\$0.7	10%	\$7.2
Water Pollution Control	\$13.4	59%	\$4.1	18%	\$5.2	23%	\$22.7
Technical & Regulatory Services	\$7.2	69%	\$1.6	15%	\$1.6	15%	\$10.4
Solid Waste Permitting	\$1.6	33%	\$3.3	67%	\$0.0	0%	\$4.9
Hazardous & Oil Control	\$1.1	8%	\$6.3	46%	\$6.3	46%	\$13.7
Lead Poisoning Prevention Program**	\$1.4	33%	\$1.5	34%	\$1.4	33%	\$4.3
Air & Radiation Management	\$0.9	9%	\$6.1	59%	\$3.3	32%	\$10.3
Coordinating Offices	\$3.9	50%	\$2.0	26%	\$1.9	24%	\$7.8

* Does not include reimbursable funds.

** Does not reflect \$350,000 reduction in general funds that is contingent upon the passage of legislation increasing lead fee special funds.

Source: Fiscal 2005 budget books

Pending Fee Proposals

The Administration has announced its intent to propose new and increased fees to help reduce MDE's reliance on the general fund. These proposals are summarized below:

- **Lead Registration Fees.** MDE's lead rental registry program requires property owners of residential units built before 1950 to annually register each rental unit with MDE. Currently,

U00A – Maryland Department of the Environment

owners pay a \$10 annual registration fee. This anticipated legislation would increase the registration fee to \$15 and generate approximately \$350,000 in additional annual revenue. The fiscal 2005 budget allowance assumes a \$350,000 general fund reduction contingent upon enactment of this legislation.

- **Brownfields Redevelopment Reform Act Fees (SB 186/HB 294).** The Administration proposes legislation to make the \$6,000 VCP application fee nonrefundable, establish a \$2,000 “premier” surcharge for developers who need their applications reviewed in five business days or less, and establish a \$2,000 fee for properties needing institutional controls. MDE advises that the new application fee may generate \$280,000 in new annual revenue.
- **Wetlands and Waterways Program Fees (HB 495).** MDE has proposed three new fees that will generate significant funds for its wetlands and waterways program. The three fees are a \$300 application fee for development that impacts wetlands and waterways, a processing fee that is based on the square feet impacted by development near wetlands and waterways, and a \$50 annual marina slip compensation payment. MDE advises that up to \$6.6 million could be generated annually by these fees.

While the lead and brownfield fees would flow into MDE units that already have a minimal reliance on the general fund, the wetlands and waterways fees could have a significant impact on MDE’s general fund reliance. The wetlands and waterways fees would flow into the Water Pollution Control program, which relies on general funds for \$13.4 million, or 59% of its budget.

Potential Approaches

While reviewing the fee proposals described above, a fresh look should be given to how these fees and other MDE fees are structured to ensure that long-term structural budget benefits are realized. Approaches to consider include:

- Fee revenue could be allowed to support agencywide operations. When Virginia considered a \$5 per ton solid waste fee, it proposed using the significant associated revenue to support a whole host of environmental programs, not just waste-related activities.
- Fees could be gauged so as not to exceed program costs, and fee increases could be required for agencies to recover associated program implementation costs.
- Fee revenue could be directed to the general fund, and the agencies could receive general fund appropriations.
- Since most program implementation costs increase each year as a result of factors such as inflation, fees could be indexed to the Consumer Price Index or a similar measure.

DLS recommends that MDE discuss the fee proposals described above and brief the committee on whether these proposals will have a substantial impact on the department's ability to meet associated program funding requirements. MDE should also discuss the extent to which current fees cover program implementation costs.

Budget bill language is recommended that requires MDE to submit a report by November 15, 2004, providing the following information:

- **Specific recommendations for restructuring various MDE fees to ensure that long-term structural budget benefits are realized. Strategies that should be considered include indexing fees to the Consumer Price Index, gauging fees so as not to exceed program costs, and expanding the allowable uses of fee revenue.**
- **A thorough description of potential new fees that could substantially reduce MDE's general fund reliance in Water Pollution Control, Administrative and Employee Services, Technical and Regulatory Services, and Coordinating Offices.**
- **Detailed descriptions of existing fees that could be increased to substantially reduce MDE's general fund reliance in Water Pollution Control, Administrative and Employee Services and Technical and Regulatory Services, and Coordinating Offices. This information should be based on a review of sample fee schedules compared to program implementation costs.**

3. The Enterprise Environmental Management System (EEMS) Eases into Implementation

MDE currently operates over 177 separate permitting, compliance, and enforcement databases to support the needs of a specific regulation, business activity, or environmental media (e.g., air, water, waste). The current stand-alone information technology (IT) systems have extremely limited interfaces with the systems used to support other media types, or even other business requirements within the same media. This operating environment has resulted in duplicate data entry, redundancy of stored data, and reduced system efficiency.

To address these issues, MDE would like to implement an EEMS that will provide on-line permit application; data submission for compliance reporting; permit and process status tracking information; and a single point of reference for environmental information. MDE advises that these benefits are anticipated to result in a reduced burden on regulated industries, improved accountability and project management, and better data quality and public access.

2003 Interim Progress

Language in Chapter 202, Acts of 2003 (fiscal 2004 budget bill) restricted the expenditure of any funds for EEMS pending the submittal of an update to the budget committees by MDE on its implementation efforts. MDE submitted an EEMS project implementation report to the budget committees in early May 2003. Throughout the summer and fall, staff from DLS met with representatives of MDE and DBM to discuss new information and major concerns about the EEMS proposal.

After considerable discussion, the budget committees expressed support for moving forward with EEMS in the manner described. First, only phases one and two of EEMS, as shown in **Exhibit 7**, may be implemented. No more than \$1.1 million should be committed to implementing these two phases, and no more than \$6.8 million should be committed to the project overall. Secondly, upon completion of phase two, MDE should submit another written project implementation update to the committee. Among other critical information, this update should include the latest project budget estimate and updated estimates of personnel cost savings.

Exhibit 7 EEMS Project Implementation Schedule

<u>Phase</u>	<u>Cost</u>	<u>Description</u>	<u>Approximate Time Period</u>
1	\$616,280	System acquisition	Procurement date plus two months
2	476,625	Detailed analysis for program migration and configuration	Four months
3	5,432,970	Prioritization of program migration	Varied – may be subdivided into a series of mini-phases as program migration occurs
	258,125	Operations and maintenance	
	\$6,784,000	Total	

Source: Maryland Department of the Environment

Current Status

The EEMS implementation procurement was approved by the Board of Public Works on December 3, 2003, and the master contract is expected to be signed and executed by the end of January. Once DBM approval is provided, the task order agreement to complete the first two phases will commence.

U00A – Maryland Department of the Environment

While MDE and DBM have made significant progress in better quantifying the urgency, impact, and costs associated with implementation of EEMS, the following concerns remain.

- **Executive Oversight:** As of the end of January 2004, a State Chief Information Officer (CIO) had not been hired to ensure that adequate scrutiny, priority, and oversight is given to this project.
- **Potential Impact:** According to MDE, annual cost savings will outpace EEMS project expenditures during the third year of implementation. However, even within the first year, MDE anticipates over \$450,000 in personnel cost savings. MDE completed a cost-benefit that specifically identified \$450,000 in fiscal 2005 cost savings by position. **While \$450,000 in efficiency savings is anticipated in fiscal 2005, MDE's fiscal 2005 budget allowance does not reflect any personnel reductions to reflect these savings.** MDE advises that reducing its budget by \$450,000 is not justified because this amount represents time spent by multiple non-IT staff on IT work. Therefore, full implementation of EEMS will theoretically allow these positions to finally focus on their core programmatic responsibilities. Furthermore, MDE advises that since it is still not clear whether EEMS will move forward all the current positions are needed to meet programmatic demands.
- **Estimated Cost:** While the estimated costs of EEMS have varied from \$5.2 million in January 2003 to \$6.8 million currently, MDE and DBM have provided verbal assurance that \$6.8 million over three years is a firm estimate. Of the total amount required for this project, MDE has secured \$4.7 million, or 69%. Specifically, MDE plans to redirect \$1.7 million in previously encumbered funds toward this project as well as \$3.0 million in available federal indirect cost recovery funds. Funding for the remaining \$2.1 million, or 31%, would be required in fiscal 2006 and 2007, and the source is uncertain. The fiscal 2005 allowance includes \$100,000 in federal funds for EEMS.

DLS recommends that MDE explain to the budget committees why the estimated \$450,000 in cost savings is not reflected in the fiscal 2005 budget allowance and the likely impact of making a \$450,000 reduction to MDE's fiscal 2005 allowance. Furthermore, MDE should provide updated information on the project's implementation status, challenges, and latest total estimated cost.

Furthermore, DLS recommends budget bill language expressing the General Assembly's intent regarding EEMS implementation and requiring a status report.

4. Fiscal 2003 Enforcement and Compliance Report

Last fall, MDE published its seventh annual report on all enforcement and compliance programs in the Air, Technical and Regulatory Services, Waste and Water Administrations, as well as the Environmental Crimes Unit of the Attorney General's Office. This report summarizes MDE's fiscal 2003 enforcement accomplishments and challenges. The report notes that MDE provided regulatory oversight for 170,022 regulated entities and spent nearly \$9.0 million on salaries and support for 156

U00A – Maryland Department of the Environment

enforcement personnel to provide that oversight. This data averages to \$53 per entity per year and 1,090 regulated entities per inspector. On average, each MDE inspector was able to inspect 212 regulated entities.

Exhibit 8 provides performance data for fiscal 2002 and 2003 that is presented in the report. This data indicates the following changes between 2002 and 2003:

- 24% increase in the issuance of permits and licenses;
- a decreasing number of site inspections and compliance assistance actions;
- 50% increase in enforcement actions; and
- a 52% increase in the amount of penalty revenue collected.

Exhibit 8
MDE’s Enforcement and Compliance Performance

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>% Change</u>
Permitted Sites/Facilities			
Permits/licenses issued	9,671	11,988	24%
Permits/licenses in effect at year end	62,882	69,831	11%
Inspections			
Sites inspected	37,850	33,048	-13%
Inspections, audits, spot checks	108,043	98,550	-9%
Enforcement Actions			
Compliance assistance actions rendered	16,523	14,120	-15%
Enforcement actions taken	1,541	2,311	50%
Penalty amount obtained (\$)	\$1,523,890	\$2,321,563	52%

Source: Maryland Department of the Environment

DLS recommends that MDE brief the committees on the impact recent cost containment actions have had on its enforcement and compliance programs.

Recommended Actions

1. Add the following language:

It is the intent of the General Assembly that not more than \$1,092,905 is expended to implement the first two phases of Environmental Enterprise Management System (EEMS) development and not more than \$6,784,000 in total is expended for EEMS project implementation. Provided further, the Maryland Department of the Environment (MDE) shall not expend funds for the third phase of EEMS implementation until a status report is submitted to the budget committees after completing the second phase of EEMS implementation. The status report should include the latest EEMS implementation budget estimate and updated estimates of specific MDE annual operating cost savings resulting from EEMS implementation. The budget committees shall have 45 days to review and comment upon the report. Further provided, it is the intent of the General Assembly that not more than the \$100,000 in federal funds be expended for EEMS in fiscal year 2005, unless additional funding is sought via budget amendment or a deficiency budget.

Explanation: This budget bill language expresses the General Assembly’s intent with regard to implementation of EEMS. Specifically it notes that not more than \$6.8 million in total should be dedicated to EEMS implementation and not more than \$100,000 in federal funds should be dedicated to EEMS in fiscal 2005, unless funds are brought in via the budget amendment or budget deficiency process. Finally, this language requires MDE to submit a status report on EEMS after completing the second phase of EEMS implementation.

Information Request	Authors	Due Date
Enterprise Environmental Management System Status Report	MDE Department of Budget and Management	Prior to implementation of EEMS phase three

2. Add the following language:

, provided that the Maryland Department of the Environment (MDE) shall submit a report to the budget committees by November 15, 2004, providing the following information:

- (a) Specific recommendations for restructuring various MDE fees to ensure that long-term structural budget benefits are realized. Strategies that should be considered include indexing fees to the Consumer Price Index, gauging fees so as to not exceed program costs, and expanding the allowable uses of fee revenue.

U00A – Maryland Department of the Environment

- (b) A thorough description of potential new fees that could substantially reduce MDE’s general fund reliance in Water Pollution Control, Administrative and Employee Services, Technical and Regulatory Services, and Coordinating Offices.
- (c) Detailed descriptions of existing fees that could be increased to substantially reduce MDE’s general fund reliance in Water Pollution Control, Administrative and Employee Services, Technical and Regulatory Services, and Coordinating Offices. This information should be based on a review of sample fee schedules compared to program implementation costs.

The committees should have 45 days to review and comment upon the report.

Explanation: Approximately 28% of MDE’s fiscal 2005 allowance is comprised of special funds. MDE relies on these special funds to support many core programs, such as oil disaster cleanup, used tire cleanup, and air pollution prevention. In recent years, MDE has sought to establish new fees and increase existing fees in order to cover the rising costs of program implementation. However, few of these fee proposals have passed. Consequently, many specific fee levels set in statute do not necessarily cover actual program implementation costs.

This language would require MDE to submit a report by November 15, 2004, providing information about structural changes and new or existing fees that could support under-funded programs and reduce MDE’s reliance on the general fund.

Information Request	Author	Due Date
Fees report	MDE	November 15, 2004

- 3. Add the following language to the general fund appropriation:

. provided that this appropriation shall be reduced by \$2,468,123 contingent upon enactment of wetlands and waterways legislation which provides new special funds to cover program implementation costs.

Explanation: MDE may propose three new fees that will generate significant funds for its efforts to manage, conserve, and protect Maryland’s wetland and waterway resources. Preliminary information from MDE indicates that the proposed fee structure is designed to eliminate the need for any future general fund appropriation to support these programs. This language deletes the general fund appropriation for the wetlands and waterways program. This reduction would be implemented contingent upon enactment of legislation that provides special fund fee revenue for the programs.

U00A – Maryland Department of the Environment

	<u>Amount Reduction</u>		<u>Position Reduction</u>
4. Delete four new PINs (NEW 001 through NEW 004) for the State Superfund Program. The Spending Affordability Committee (SAC) recommended new PINs be created only for security needs, new facilities, workload increases, and essential services at 24-hour institutions. These PINs do not fit the criteria SAC enumerated and thus should be deleted.	\$ 140,392	GF	4.0
5. Delete funds for Baltimore City's lead poisoning prevention grant. The final grant installment for the former Administration's Lead Poisoning Prevention Initiative was provided to Baltimore City in fiscal 2004. This initiative sought to provide the short-term funds necessary to rejuvenate the city's programs and help the city leverage other sources of funding. This grant was not meant to be a long-term subsidy.	375,000	GF	
Total General Fund Reductions	\$ 515,392		4.0

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Department of the Environment
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$41,581	\$30,299	\$24,741	\$4,456	\$101,077
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	27	2,287	4,775	645	7,734
Cost Containment	-809	0	0	0	-809
Reversions and Cancellations	0	-5,862	-6,732	-862	-13,456
Actual Expenditures	\$40,799	\$26,724	\$22,784	\$4,239	\$94,546
Fiscal 2004					
Legislative Appropriation	\$41,308	\$25,612	\$24,242	\$4,459	\$95,621
Cost Containment	-2,522	0	0	0	-2,522
Budget Amendments	0	211	1,854	161	2,226
Working Appropriation	\$38,786	\$25,823	\$26,096	\$4,620	\$95,325

Note: Numbers may not sum to total due to rounding.

Fiscal 2003 Budget Changes

The significant decrease in general funds was mainly due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 165-03).

Special funds dedicated to operating functions decreased by \$3.57 million. The major changes included a:

- \$940,000 increase in indirect cost recovery funds for salaries and fringe benefits for regular employees in the executive direction, program direction, and budget divisions;
- \$600,000 increase in indirect cost recovery funds for salaries, fringe benefits, and contracts associated with IT-related activities and services;
- \$260,000 increase from the Tidal Wetland Compensation Fund for interagency agreements with the Eastern Shore Resource Conservation and Development Council to construct shore line protection for vegetative and mechanical stabilization in Caroline County and for phragmite eradication in Baltimore County; and
- \$139,746 increase in Drinking Water Revolving Loan Funds for salary and fringe benefit costs for regular staff performing eligible activities.

These special fund increases were offset by cancellations in several programs, including \$1.5 million in Technical and Regulatory Services due to Community-Right-to-Know funds being collected later than estimated; \$1.5 million in Hazardous and Oil Control Compliance and Cleanup due to oil contamination program participants not requesting reimbursements; and \$1.2 million in Solid Waste Permitting due to sludge revenues being over estimated.

Federal funds dedicated to operating functions decreased by \$1.96 million. The major changes included a:

- \$600,000 increase in indirect cost recovery funds for salaries and fringe benefits for regular employees in the executive direction, program direction, and budget divisions;
- \$600,000 increase in indirect cost recovery funds for contractual services related to the department's move to the Montgomery Park office building in Baltimore;
- \$360,000 increase in indirect cost recovery funds for contracts and a shortfall in the annual support provided to several boards and commissions;

U00A – Maryland Department of the Environment

- \$367,333 increase from the EPA's Surveys, Studies and Investigations and Special Purpose grant program for salary and fringe benefit costs, supplies for the Laurel Mines Swamp project, and contractual costs associated with acid mine remediation;
- \$347,000 increase from EPA's Construction Management Assistance and State Revolving Funds Capitalization grant programs for salary and fringe benefit costs in the Water Quality Infrastructure program;
- \$338,994 increase from EPA for travel, equipment, and grants to implement the Network One Stop program, one component of a broader effort to reduce the environmental reporting burden, integrate data and data management processes, and improve public access to information; and
- \$332,249 increase from EPA for salaries, a vehicle, grants, and other costs associated with implementing a monitoring and notification program for coastal recreation waters adjacent to beaches.

These federal fund increases were off-set by cancellations in several programs, including \$1.87 million in Water Pollution Control, \$1.4 million in Hazardous and Oil Control Compliance and Cleanup, and \$1.2 million in Coordinating Offices.

Fiscal 2004 Budget Changes

General funds dedicated to operating functions decreased by \$2,521,660. This major reduction is largely due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 37-04). A description of these changes is provided earlier in this analysis.

Special funds increased by \$211,264, primarily due to receipt of Drinking Water Revolving Loan and Maryland Clean Water Fund revenue for salaries.

Federal funds increased by \$1.85 million, with \$408,887 of this increase from the Centers for Disease Control and Prevention for salary expenses associated with the childhood lead poisoning prevention program. Other changes include EPA grants for water quality cooperative agreements, beach monitoring and notification program implementation, and water pollution control surveys, studies, and investigations.

Reimbursable funds increased \$161,939 to reflect funds from the Department of Health and Mental Hygiene for equipment expenses associated with an environmental public health IT tracking system.

**Object/Fund Difference Report
Maryland Department of the Environment**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	975.00	951.00	952.00	1.00	0.1%
02 Contractual	23.14	43.10	43.00	-0.10	-0.2%
Total Positions	998.14	994.10	995.00	0.90	0.1%
Objects					
01 Salaries and Wages	\$ 61,297,192	\$ 59,552,235	\$ 59,892,013	\$ 339,778	0.6%
02 Technical & Spec Fees	768,027	1,549,456	1,422,028	-127,428	-8.2%
03 Communication	988,231	1,059,171	1,030,337	-28,834	-2.7%
04 Travel	440,149	681,897	578,995	-102,902	-15.1%
06 Fuel & Utilities	423,456	352,307	407,871	55,564	15.8%
07 Motor Vehicles	1,358,705	1,092,376	1,268,678	176,302	16.1%
08 Contractual Services	10,426,936	11,019,071	8,338,996	-2,680,075	-24.3%
09 Supplies & Materials	1,075,474	1,221,145	1,256,310	35,165	2.9%
10 Equip - Replacement	1,050,351	881,260	952,993	71,733	8.1%
11 Equip - Additional	870,766	648,894	543,671	-105,223	-16.2%
12 Grants, Subsidies, Contr.	11,709,430	12,979,033	11,725,526	-1,253,507	-9.7%
13 Fixed Charges	4,137,140	4,238,550	4,185,158	-53,392	-1.3%
14 Land & Structures	0	50,000	450,000	400,000	800.0%
Total Objects	\$ 94,545,857	\$ 95,325,395	\$ 92,052,576	-\$ 3,272,819	-3.4%
Funds					
01 General Fund	\$ 40,798,530	\$ 38,786,030	\$ 37,612,450	-\$ 1,173,580	-3.0%
03 Special Fund	26,724,272	25,823,382	25,731,305	-92,077	-0.4%
05 Federal Fund	22,783,600	26,096,104	24,358,924	-1,737,180	-6.7%
09 Reimbursable Fund	4,239,455	4,619,879	4,349,897	-269,982	-5.8%
Total Funds	\$ 94,545,857	\$ 95,325,395	\$ 92,052,576	-\$ 3,272,819	-3.4%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
Maryland Department of the Environment**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Office of the Secretary	\$ 1,972,014	\$ 1,957,301	\$ 1,957,301	-0.7%	\$ 1,833,503	-6.3%
02 Administrative and Employee Services	8,240,355	7,396,388	7,182,388	-12.8%	7,175,259	-0.1%
01 Water Pollution Control Program	24,759,424	25,477,207	26,383,803	6.6%	23,168,186	-12.2%
02 Water Supply Program	4,494,754	4,550,712	4,490,712	-0.1%	4,621,012	2.9%
01 Technical and Regulatory Services	13,650,031	16,608,453	12,053,299	-11.7%	11,465,684	-4.9%
02 Major IT Development Program	0	100,000	0	0%	0	0%
01 Solid Waste Permitting, Compliance and Enforcement	7,014,745	5,195,944	5,102,944	-27.3%	4,960,243	-2.8%
05 Hazardous and Oil Control, Compliance and Cleanup	10,031,697	13,320,818	13,229,638	31.9%	13,764,481	4.0%
07 Lead Poisoning Prevention Program	4,099,645	3,843,402	4,206,469	2.6%	4,258,631	1.2%
01 Air and Radiation Management Administration	13,291,295	13,864,162	13,594,162	2.3%	12,911,954	-5.0%
01 Coordinating Offices	6,991,897	3,306,106	7,024,679	0.5%	7,793,623	10.9%
02 Major IT Development Program	0	0	100,000		100,000	0%
Total Expenditures	\$ 94,545,857	\$ 95,620,493	\$ 95,325,395	0.8%	\$ 92,052,576	-3.4%
General Fund	\$ 40,798,530	\$ 41,307,689	\$ 38,786,030	-4.9%	\$ 37,612,450	-3.0%
Special Fund	26,724,272	25,612,117	25,823,382	-3.4%	25,731,305	-0.4%
Federal Fund	22,783,600	24,241,744	26,096,104	14.5%	24,358,924	-6.7%
Total Appropriations	\$ 90,306,402	\$ 91,161,553	\$ 90,705,516	0.4%	\$ 87,702,679	-3.3%
Reimbursable Fund	\$ 4,239,455	\$ 4,458,940	\$ 4,619,879	9.0%	\$ 4,349,897	-5.8%
Total Funds	\$ 94,545,857	\$ 95,620,493	\$ 95,325,395	0.8%	\$ 92,052,576	-3.4%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.